

## Message Text

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FOL REPEAT OF LIMA 2060 TO SECSTATE MARCH 13

QTE:

C O N F I D E N T I A L LIMA 2060

E.O. 11652: GDS

TAGS: PFOR, PE

SUBJ: ASSISTANT SECRETARY ROGERS' MEETING WITH

PRIME MINISTER MORALES BERMUDEZ

DEPT PLEASE PASS TO SECRETARY FROM ASSISTANT SECRETARY  
ROGERS

1. PRIME MINISTER MORALES BERMUDEZ RECEIVED SECRETARY  
ROGERS FOR A HALF-HOUR VISIT THIS MORNING (MARCH 13)  
FOLLOWING WHICH PRIMIN WAS TO PROCEED IMMEDIATELY TO  
NEARBY CHACLACAYO TO PARTICIPATE IN PRESIDENT VELASCO'S  
MEETING WITH UN SECGEN WALDHEIM.

2. IN HIS USUAL WELL-ORGANIZED MANNER MORALES BERMUDEZ  
PROCEEDED THROUGH AN AGENDA COVERING SEVERAL TOPICS. HE  
FIRST RESTATED COMMENTS WHICH HE SAID HE HAD MADE  
YESTERDAY TO SECGEN WALDHEIM TO EFFECT DEVELOPED COUNTRIES  
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"MUST DO MORE" TO HELP PERU AND OTHER LDC'S MEET

THE CURRENT WORLD PROBLEMS OF INFLATION AND RECESSION. HE SAID PERU'S RAW MATERIALS PRICES HAVE DECLINED, MENTIONING COPPER PRICES PARTICULARLY, AND ADDING THAT CHILE SUFFERS EVEN MORE ON THIS ACCOUNT, WHILE PRICES CONTINUE TO RISE FOR PERU'S IMPORTS OF MANUFACTURERS, INTERMEDIATE GOODS, AND FOODSTUFFS. HE BRIEFLY DISCUSSED PERU'S TWIN EFFORTS TO ACHIEVE BASIC STRUCTURAL REFORMS AND ECONOMIC DEVELOPMENT. HE ASKED THAT US DO ME THAN IN THE PAST TO HELP PERU. HE SAID, AS AN EXAMPLE, PERU IS LOOKING FOR BUYERS FOR ITS EXCELLENT-QUALITY COTTON. BUT HE STRESSED THAT PERU'S MAIN PROBLEM NOW IS TO OBTAIN IMPORTS AT MODERATE PRICES. HE LATER SAID GOP HOPES FOR ADDITIONAL CCC CREDITS TO STRETCH OUT ITS REPAYMENT SCHEDULES FOR NEEDED COMMODITIES.

3. MORALES BERMUDEZ SAID HE WAS SURE FONMIN DE LA FLOR HAD DISCUSSED TRA ISSUES, AND SECRETARY ROGERS ASSURED HIM THIS HAD BEEN THE CASE. PRIMIN SAID THAT TRA IMPACT WILL BE GREATER ELSEWHERE IN LA THAN IN PERU, BUT THAT HERE, TOO, USG--BOTH BY SEEKING MODIFICATIONS IN TRA AND IN TRADE NEGOTIATIONS -- COULD DO MORE TO BE OF ASSISTANCE TO PERU AND LDC'S GENERALLY. SECRETARY ROGERS DISCUSSED OUR INTEREST IN EXPANDED WORLD TRADE, AND IMPORTANCE OF THE AUTHORITY PROVIDED IN TRA TO EXECUTIVE BRANCH TO PARTICIPATE IN THE TRADE NEGOTIATIONS, WHICH COULD GREATLY EXPAND TRADE OPPORTUNITIES FOR THE LDC'S. HE ASSURED MORALES BERMUDEZ THAT USG WILL TAKE LA VIEWS AND INTERESTS FULLY INTO ACCOUNT IN ITS MTN DELIBERATIONS.

4. MORALES BERMUDEZ THEN TURNED TO BILATERAL ISSUES, BEGINNING WITH BRANIFF-AEROPERU NEGOTIATIONS. HE SAID HE HOPED NEGOTIATIONS CAN BE KEPT AT AIRLINE-TO-AIRLINE LEVEL, WITHOUT INVOLVING THE TWO GOVERNMENTS IN CONFRONTATION AS IN THE EARLIER EXPROPRIATION CASES. HE CONSIDERS BRANIFF-AEROPERU DISPUTE TO BE A LESSER PROBLEM (DE SEGUNDO PLANO) IN OUR RELATIONS, AND RECOMMENDED THAT THE TWO AIRLINES BE ENCOURAGED TO KEEP TALKING, LOOKING TOWARD AN EQUITABLE SOLUTION OF THEIR RESPECTIVE CLAIMS. AMBASSADOR REPLIED THAT USG LIKEWISE HOPES TO AVOID A CONFRONTATION OVER THE CIVIL AIR ISSUE,

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AND WOULD WELCOME FURTHER AIRLINE-TO-AIRLINE NEGOTIATIONS TO HELP AVERT SUCH A CONFRONTATION. HE POINTED OUT THAT GOVERNMENTS ARE NECESSARILY INVOLVED IN SOME RESPECTS, SINCE AIR ROUTES CONSTITUTE A GOVERNMENT'S RIGHTS RATHER THAN AN AIRLINE'S RIGHTS, AND THE PROPOSED ADDITION OF NEW YORK AS AN AEROPERU ACCESS POINT INVOLVES A USG AND NOT MERELY A BRANIFF DECISION. AMBASSADOR SAID USG HOPES TO AVOID PLACING RESTRICTIONS ON AEROPERU OPERATIONS

TO US, BUT NEGOTIATIONS HAVE NOT YET BEEN SUCCESSFUL AND RESTRICTIONS MAY HAVE TO BE IMPOSED. HE EMPHASIZED THAT THE TWO AIRLINES HAVE NOT EVEN BEEN IN CONTACT RECENTLY. HE AND MORALES BERMUDEZ THEN AGREED TO ASK RESPECTIVE AIRLINE REPRESENTATIVES TO GET TOGETHER PROMPTLY TO RESUME TALKS.

5. MORALES BERMUDEZ THEN REFERRED TO THE LONG-PENDING REQUEST FOR ADDITIONAL 280 APC'S, EXPRESSING GOP HOPE THAT THEY COULD BE FUNDED UNDER THE ARMY PORTION OF THE \$15 MILLION FMS PROGRAM. HE SAID GOP IS IN EFFECT PAYING CASH FOR THE INITIAL APC PURCHASE, BUT ADDED THAT IF USG DOES NOT CHOOSE TO APPROVE THE ADDITIONAL REQUEST THEN GOP WANTS TO BE INFORMED ACCORDINGLY SO THAT THE ARMY'S PORTION OF THE \$15 MILLION CAN BE APPLIED TO THE INITIAL APC PURCHASE OR USED FOR ALTERNATIVE PURCHASES. AMBASSADOR CALLED ATTENTION TO ARRIVAL IN PERU OF SOME 90 APC'S FROM INITIAL PURCHASE; MORALES BERMUDEZ ACKNOWLEDGED THIS AND REPEATED HIS REQUEST RE ARMY'S PORTION OF NEW FMS PACKAGE. PRIMIN THEN STRESSED THAT GOP HAS NO AGGRESSIVE INTENTIONS AGAINST ANY OF ITS NEIGHBORS, SAYING EMPHATICALLY THAT GOP DOES NOT EVEN HAVE ANY CONTINGENCY PLANS FOR OFFENSIVE ACTIONS (BUT RATHER ONLY DEFENSIVE PLANS). HE SAID GOP NEEDS MORE APC-TYPE VEHICLES TO DEFEND ITS OWN LARGE TERRITORY AND ITS FRONTIERS WITH FIVE NEIGHBORS. HE SAID THE APC'S ARE NEEDED TO MAKE UP FOR THE VIRTUAL TOTAL ABSENCE OF SUCH VEHICLES IN THE PAST.

6. SECRETARY ROGERS AID HE APPRECIATED RECEIVING THESE COMMENTS. THEY WOULD BE MOST USEFUL IN THE PLANING FOR A VISIT BY THE SECRETARY. HE MENTIONED CONFIDENTIAL

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THAT EVERYTHING WAS CONTINGENT ON DEVELOPMENTS IN THE MIDDLE EAST BUT THAT IF ALL WENT WELL THERE AND A TRIP TO LATIN AMERICA COULD THEN BE FINALLY ARRANGED IT WOULD BE MOST USEFUL FOR RELATIONS BETWEEN THE TWO COUNTRIES. MORALES BERMUDEZ SAID HE CONCURRED FULLY AND WOULD BE PLEASED TO TAKE PART IN THE PROGRAM TO BE ARRANGED FOR THE SECRETARY'S VISIT.

DEAN UNQTE INGERSOLL

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